

Special Report

To the Legislative Assembly
on the Allocation of
Highway Construction Costs
in the fiscal year ended
31 March 1986



**Province of
British Columbia**

AUDITOR GENERAL OF BRITISH COLUMBIA



Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

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The Honourable John Reynolds
Speaker of the Legislative Assembly
Parliament Buildings
VICTORIA, British Columbia
V8V 1X4

Sir:

I submit this special report to the Legislative Assembly of the Province of British Columbia on the matter of the allocation of highway construction costs in the fiscal year ended 31 March 1986. This report is issued in accordance with section 11 of the Auditor General Act, RSBC 1979.

George L. Morfitt, F.C.A.
Auditor General

Victoria, British Columbia
7 March, 1988

9 March 1988

The Honourable John Reynolds
Speaker of the Legislative Assembly
Parliament Buildings
VICTORIA, British Columbia
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Dear Mr. Reynolds:

It has been brought to my attention that certain information provided in my Special Report to the Legislative Assembly dated 7 March 1988 did not precisely describe the sequence of events surrounding the tabling of a document in the Assembly.

In my Report, page 12, I stated:

"As mentioned previously, the Legislature did provide some indication that it approved of the Government's accounting treatment of highway construction costs. During the debate in the Legislature on the Government's request for further funding for highway construction, a list of highway projects was tabled in the House. This list was available to all Members of the Legislature and is included as Appendix D to this report."

In reviewing Hansard for 26 March 1986 I find that the list referred to was not tabled during debate on Supply Act (No.1), 1986 but rather immediately following adjournment of debate on the same day. The contents of the list, showing off-site project costs as being charged to Vote 69, did not, to the best of my knowledge, give rise to discussion in the House in the days following.

The conclusions reached and opinions expressed in my report remain unchanged.

I will appreciate you bringing this matter to the immediate attention of all Members of the Legislative Assembly.

Yours very truly,

Original Signed By
George L. Morfitt, F.C.A.
Auditor General

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Foreword

This Special Report to the Legislative Assembly deals with a single issue, the allocation of costs to the Coquihalla highway for the fiscal year ended 31 March 1986.

Related to that issue, and of considerably greater scope, are the various matters raised in the Report of the Commissioner Inquiry into the Coquihalla and Related Highway Projects. I have studied the Commissioner's report with great interest and, with the exception of the highway cost allocation issue reviewed herein, I am in general agreement with the many conclusions and recommendations contained in his report.

The Auditor General has reported in the past on deficiencies in the financial administration of the Ministry of Transportation and Highways and has also commented on inadequacies in the accountability reporting by that Ministry through its annual report to the Legislative Assembly. The findings of my Office in this regard are consistent with those of the Commissioner.

From the contents of this Special Report it is obvious that many of the financial reporting problems of the Coquihalla highway project stemmed from the lack of a clear definition of that project. This, in turn, arose from a lack of specificity in the Estimates. Staff of the Office of the Auditor General determined some time ago that the Estimates was a subject that warranted our audit attention. However, we have not to date conducted an audit of this issue, primarily due to resource limitations. I have reviewed our long-range audit plan in light of the problems connected with the Coquihalla highway project, and intend to carry out a review of the Estimates process during the coming year.

Introduction

On 23 February 1988, the Honourable Member for Esquimalt-Port Renfrew rose in the House on a point of privilege.

On 1 March 1988, the Honourable J.D. Reynolds, Speaker of the Legislative Assembly stated, "I have concluded my considerations of the submission by the Honourable Member for Esquimalt-Port Renfrew that a breach of privilege, or more accurately, acts of contempt of the House, have been perpetrated by two former Ministers of Transportation and Highways, namely, the Honourable First Member for Cariboo and the Honourable Member for Shuswap-Revelstoke; a former Minister of Finance, Mr. Hugh A. Curtis; the present Minister of Finance and Corporate Relations, the First Member for Saanich and the Islands; a former Premier, the Honourable W.R. Bennett and the Honourable the Premier."

When the submission by the Honourable Member for Esquimalt-Port Renfrew was heard, the Speaker advised the House that the Chair would hear representations from any Member of the House wishing to bring to his attention anything that would assist a ruling on the matter. In subsequently presenting his decision, the Speaker stated that the Chair had received from the Office of the Premier, on behalf of the Premier, who was the out of the Province, a copy of a letter dated 22 January 1988, from Mr. R.J. Hayward, then Acting Auditor General. Mr. Hayward's letter was addressed to an Honourable Member of the House, and copied to the Honourable the Premier, the Honourable Second Member for Vancouver-Point Grey (Chairman of the Select Standing Committee on Public Accounts), and the Honourable the present Minister of Transportation and Highways. As noted by the Speaker when announcing his ruling, a copy of this letter was not copied to the Honourable Member for Esquimalt-Port Renfrew who may therefore have been unaware of it when he made his submission.

From the comments made by the Speaker when he handed down his ruling on the submission, it is evident that the contents of the former Acting Auditor General's letter figured prominently in forming the Speaker's decision. In his statement, the Speaker quoted from the letter as follows:

"In his report the (Inquiry) Commissioner contends that highway construction costs that were part of the costs of the Coquihalla highway were transferred from Vote 74 where they should have been recorded. He concludes that this transfer was made without proper authority and that the costs are therefore recorded in an inappropriate Vote. If I agreed with the Commissioner's analysis, and was unable to convince the Government to change their financial statements before they were issued, my audit report would have contained a reservation of opinion. However, my view of the situation differs from that of the Commissioner and accordingly my opinion on the statements is expressed without reservation. We will be commenting on this matter in our next Annual Report."

The Speaker then described the conclusions he had drawn from the former Acting Auditor General's letter, and indicated how these had influenced his decision on the submission of the Honourable Member for Esquimalt-Port Renfrew.

Although my predecessor's letter in response to queries from an Honourable Member of the House contains the general rationale for the Auditor General's reported opinion on the Government's financial statements, his quoted last sentence demonstrates that we recognized a further and more complete explanation of this matter should be made to the Legislature. At the time he wrote his letter, he believed that it would be appropriate to provide this clarification in the Auditor General's next Annual Report. However, in view of the developments since that letter was written, I am now of the opinion that it is a matter of primary importance and urgency that should not be deferred until I make my Annual Report. I am therefore submitting this Special Report to the Legislative Assembly under section 11 of the *Auditor General Act*.

Point at Issue

I understand the submission by the Honourable Member for Esquimalt-Port Renfrew included several concerns of that Honourable Member. However, this Report deals with only one of those concerns: whether the Public Accounts were misleading because highway construction costs, that were costs of the Coquihalla highway, were transferred to an inappropriate vote without proper authority. I have limited this Report to that one issue as it is the only matter raised by the Speaker in his ruling that relates directly to the work of my Office.

Our Conclusions

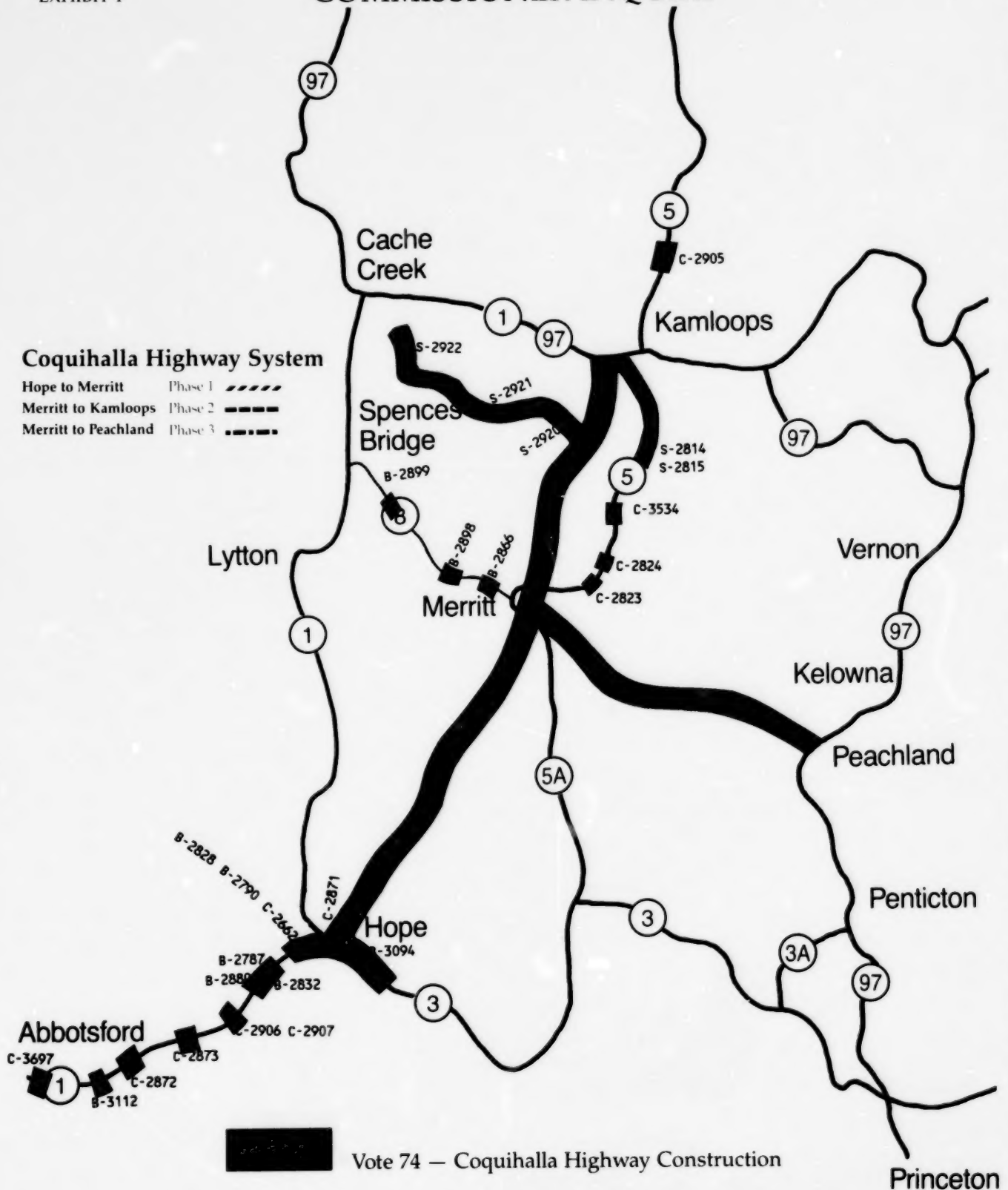
Exhibit 1 portrays the Coquihalla highway and related projects as defined in the Report of the Commissioner Inquiry into the Coquihalla and Related Highway Projects, which the Honourable Member for Esquimalt-Port Renfrew used extensively to support his submission to the House. Exhibit 2 shows the scope of the Coquihalla and related projects as reported in the Government's financial statements together with other off-site projects. From a comparison of the two Exhibits, it is evident that the Commissioner and the Government defined the "Coquihalla highway and related projects" differently. They put a different scope on the project. These differences relate entirely to the interpretation of the vote description or, more precisely, the definition of "...and related projects."

The costs of the highway projects which were included in the Commissioner's definition of the highway were originally placed in Vote 74, the vote for Coquihalla and related projects. This allocation of costs was made by the Government: it was not directed by the Legislature. The costs of certain of these projects were subsequently reclassified by the Government to Vote 69, other highway construction. It is this latter allocation of costs that was used in the preparation of the Government's financial statements.

ALLOCATION OF COSTS COMMISSIONER INQUIRY

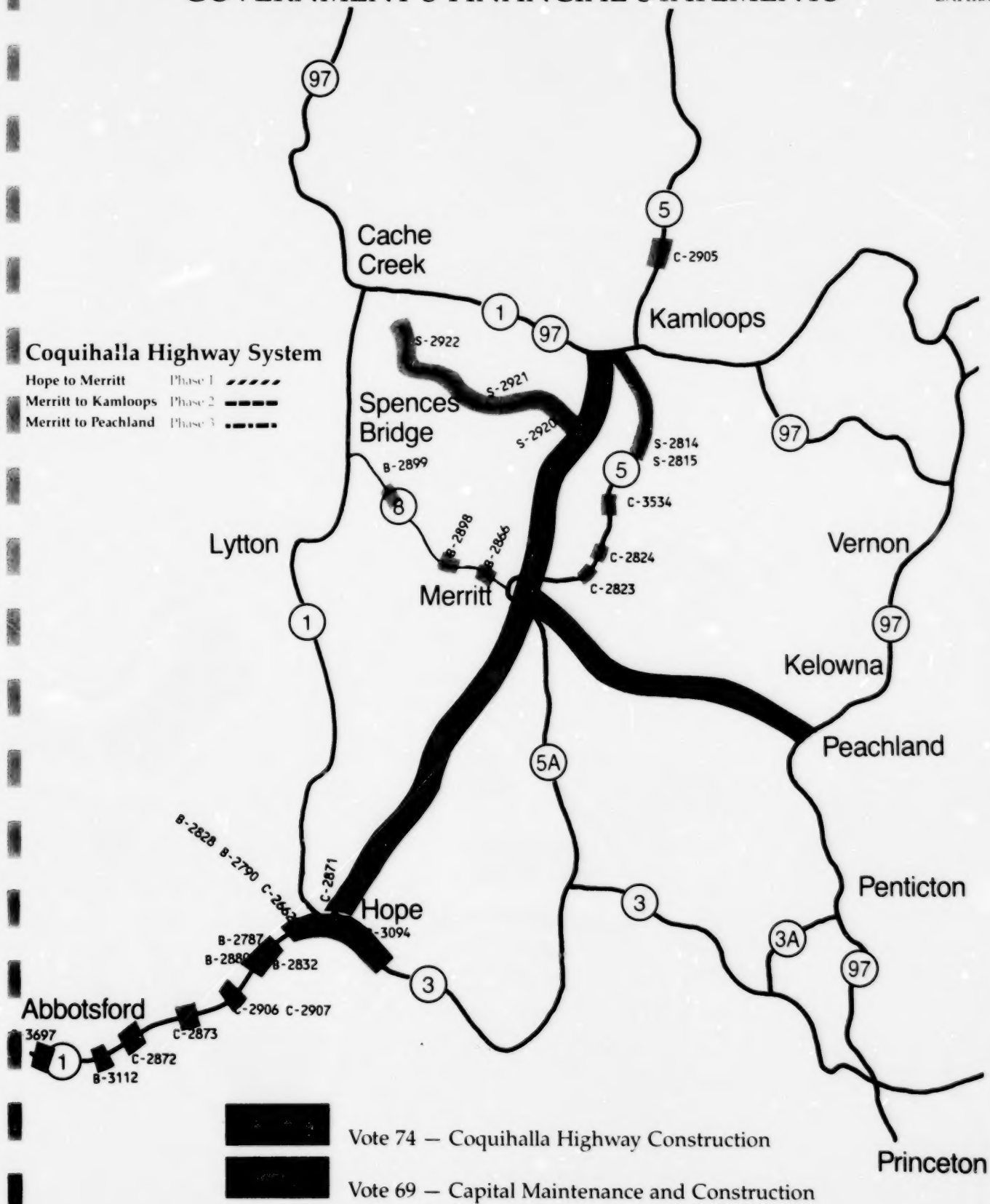
Coquihalla Highway System

Hope to Merritt	Phase 1	////
Merritt to Kamloops	Phase 2	----
Merritt to Peachland	Phase 3	----



ALLOCATION OF COSTS GOVERNMENT'S FINANCIAL STATEMENTS

EXHIBIT 2



The fact that these costs were reclassified may have two interpretations: either the costs were being concealed, or the original classification was faulty and the cost allocation was being made more appropriate. The Honourable Member for Esquimalt-Port Renfrew contended that the former was the case in his submission to the House. We cannot attribute any motive to the transfer as we cannot know the intentions of those who made the reclassification or directed that it be made. We are of the opinion, however, that the Government acted within its authority in making the reclassification.

The Estimates passed by the Legislature did not define what was meant by the vote description, "Coquihalla highway and related projects". Nor did the Legislature provide any clearer direction at the time the Estimates were debated. The Government, therefore, was left to define, as it saw fit, the scope of the highway and related projects.

There is evidence to suggest that the Legislative Assembly was, or should have been, aware of the final definition of the Coquihalla and related projects being used by the Government, and that it approved of such definition. A list of projects that were charged to Vote 69, including most of those that were reclassified and are now the subject of controversy, was tabled in the House during the debate on the Government's request for a special warrant. Because this allocation was not contested at that time, the indication to us was that it was accepted by the Legislature. We relied, to a limited extent, on this evidence in conducting our audit and in arriving at our opinion on the financial statements.

From our audit work, we concluded that the Government acted within its authority when it reclassified highway construction costs. We also concluded that the definition of the Coquihalla highway used in the preparation of the financial statements, namely all costs for work performed along the Coquihalla highway corridor, was in accordance with the vote description. The definition of the Coquihalla highway used for the financial statements seemed a reasonable one, and indeed appeared to be the definition intended by the Legislature. Accordingly, and notwithstanding the matters raised by the Honourable Member

for Esquimalt-Port Renfrew in his submission to the House, we do not believe the 31 March 1986 financial statements of the Government to be misleading.

Background

Being acquainted with certain background information may assist in understanding this report.

First, it is important to understand the context in which the paragraph quoted by the Speaker was written. The paragraph is taken from a letter that was part of a series of correspondences between the former Acting Auditor General and the Honourable First Member for Vancouver East, who wrote to Mr. Hayward on two occasions inquiring about the work of the Office with regard to the Coquihalla highway. The paragraph referred to was in answer to a question from the Honourable Member as to why the audit report on the 31 March 1986 financial statements of the Government is without reservation in light of, among other things, what he considered the diverting of funds from other projects. The paragraph, therefore, was written solely to clarify the reasons for the Auditor General expressing an audit opinion without reservation on the financial statements. Copies of the complete correspondences are included as Appendix A to this report.

Second, it is important to understand the objective of our audit of the Government's financial statements. As an officer of the Legislature, the Auditor General serves the Legislative Assembly. Our audit is designed to provide the Assembly and the public with assurance that the Government's financial statements are presented fairly. In carrying out this work we also determine whether expenditures are properly authorized and are made for the purposes intended by the Legislature. The Auditor General also has a professional obligation not to provide an audit opinion without reservation on any financial statements that he knows to be, or believes may be, misleading.

Finally, as this Report will become a public document, it may be useful to outline some fundamentals of the parliamentary process.

The Legislative Assembly is the custodian of the public purse. The principle of legislative control over finances is firmly and clearly established in the British parliamentary system of government used in British Columbia.

The cycle begins with the Government bringing a Budget to the House. The Government has the responsibility to bring forward a plan of its financial program to the Legislature. The Budget sets out the broad financial framework, specifying the way money will be raised and the spending objectives.

The Estimates define the purposes for which the Government intends to spend money and limits the amount it may spend for any particular purpose. These proposals are subjected to detailed and often protracted debate in the Legislature where individual members question the wisdom, objectives and amounts of the proposals, usually along with the policy choices reflected in them. During the debate, the minister responsible for the proposed expenditure often provides a detailed explanation and justification of his ministry's plans and programs. The Estimates are voted on and passed in one or more Supply Acts. These appropriations, along with payments authorized by other statutes, define the amounts that the Government can spend and the purposes for which it can spend them. Payments beyond these limits or for other purposes must be approved either through supplementary estimates or by special warrants. Thus, all government spending must, in some manner, be authorized by the Legislature.

Once the Legislature has approved the spending plans, it is the Government's right and responsibility to use the funds it has been given to carry out those plans. The Legislature has no role in administration—that is the prerogative of the Government.

There is, however, an accompanying responsibility of the Government to provide the Legislature with an accounting of what it has done with the money granted to it. One form of accountability for stewardship is the Public Accounts, which include the financial statements of the Government. The Legislature has engaged an auditor, the Auditor General, to provide it with assurance that the Government's financial statements present fairly the financial position of the Government and the results of its operations.

The Facts as We Know Them

For the 1986 fiscal year, the Legislature approved two separate and distinct sources of funds for work on highways. This was somewhat unusual as in most years all funding for highways work has been included in one appropriation or vote.

The first source of funds was Vote 69, titled Highway Operations Department, which approved spending of up to \$478,803,665. By enacting a Supply Act which included this vote, the Legislative Assembly authorized the Government to spend money up to the limit stipulated in the vote for the purposes described in the vote. The full vote description is included as Appendix B to this report, but generally it provides for maintenance of existing roads, for improvements to existing roads, and for development and expansion of the highway system. This description is similar to that of the single highways operations vote of other years. This vote presumably provided funding for highways that was not included in any other, more specific vote. Vote 69 did not refer to the Coquihalla highway.

The second source of funding for highways work approved by the Legislature for the 1986 fiscal year was Vote 74. This vote, titled Economic Renewal Special Highway Capital Construction Projects, provided up to \$456,055,000 for the purposes described in the vote. Generally it provided funding for construction of the Coquihalla Highway and related projects, and for the Fraser River Crossing at Annacis and related projects. The full Vote description, which is also included in Appendix C, reads as follows:

"This vote provides for the additional development and expansion of the provincial highway system in accordance with the Economic Renewal Program objectives of the government and includes:

- (a) Coquihalla Highway Construction - This sub-vote provides for the construction of the Coquihalla Highway and related projects. This includes planning, engineering, design, survey, construction, reconstruction, paving and right-of-way acquisition and property, equipment and machinery purchases.
- (b) Fraser River Crossing (Annacis) Construction - This sub-vote provides for the construction of the Fraser River Crossing at Annacis and related projects. This includes planning, engineering, design, survey, construction, reconstruction, paving and right-of-way acquisition and property, equipment and machinery purchases."

Of particular significance is the phrase, "...and related projects" in the vote description attached to the Coquihalla Highway project. We believe the interpretation of this phrase is critical to the resulting accounting treatment, and to one's view as to whether or not costs of the Coquihalla highway were transferred without proper authority to an inappropriate vote. It is therefore central to whether the financial statements of the Government were presented fairly or whether the House was misled by them.

As can be seen, the vote descriptions provided little guidance as to what constituted the "related projects" and, therefore, which costs should be charged to the Coquihalla vote, Vote 74, and which to the regular highways vote, Vote 69. The Legislature provided no further guidance as to which expenditures should be charged to which vote, other than that contained in the vote descriptions. There was no supplementary document that was reviewed or approved by the Legislature at the time the Estimates were passed to provide a clearer indication of the

Legislature's intentions. There was no scope put on the Coquihalla project that indicated which work and related costs were to be charged to Vote 74 and which to Vote 69.

What does seem clear is that all direct costs of the new Coquihalla highway should be charged to Vote 74. Also, it seems reasonable that the costs of other work that was on the new Coquihalla highway corridor, and thereby directly related to the new highway, such as the costs of underpasses and overpasses required to traverse existing roads, and of access and exit ramps required to enter and leave the highway, should be charged to Vote 74. Where any other work was to be charged was not at all clear.

After the Supply Act was passed providing these two pools of funding for highway construction, the Ministry of Transportation and Highways set about building highways, including the Coquihalla. Ministry staff segregated the overall construction work into specific projects, awarded the contracts, and construction commenced. The specific projects were allocated to one of the two highway construction votes. These allocations were determined by Ministry staff and approved by Treasury Board, another Government body. When bills came in, Ministry staff approved them for payment and coded the expenditure for accounting purposes to the vote that the specific project, to which the expenditure related, had been allocated.

This presented us with a problem. It is our responsibility to determine, on behalf of the Legislature, that expenditures are charged to the proper vote. Indeed, in various Annual Reports we have commented when we have found that expenditures have been charged to inappropriate votes. However, in this particular case, without further guidance as to what the Legislature intended be charged to each of the two highway construction votes, we would have difficulty providing the Assembly with assurance that all expenditures had been correctly allocated between the two votes. We knew from our audit work where these expenditures were being charged, but not whether it was the correct allocation—the allocation that was in accordance with the wishes and intentions of the Legislature when it passed the votes.

However, before the end of the fiscal year when the Government's financial statements were prepared, and before we were required to express our opinion as to whether all expenditures had been charged to the proper votes, the Legislature provided some insight into which highway construction costs should be charged to which votes.

The Government, having exhausted the highway construction funds that the Legislature had provided it with earlier, was required to go back to the Legislature to obtain approval for further funding. Just prior to making this request for further funding, the Government revisited its decision as to the accounting treatment that should be given overall highway construction. The Commissioner's report describes, we believe fairly, the deliberations that took place within the Government at that time. As a result of this review, the Government narrowed the scope of the Coquihalla project. It decided that the costs associated with work that was along the new highway corridor should be charged to Vote 74, Coquihalla and related, while the costs of projects not on this corridor should be charged to Vote 69, other highway construction. Because of the vagueness of the vote descriptions, commented upon earlier, we were unable to determine whether this new allocation of costs was more or less in keeping with the wishes and intentions of the Legislature. However, it was definitely a different allocation of costs. This new allocation of costs resulted from a redefinition of what constituted the Coquihalla and related projects.

Following this decision, the Ministry reclassified or transferred the costs of projects that were not along the Coquihalla corridor—off-site projects—from the Coquihalla vote to the other highway construction vote. Exhibits 1 and 2 show the effect of this transfer. The projects identified in red on Exhibit 2, which were originally coded to Vote 74, were moved into Vote 69. All costs of work along the Coquihalla highway corridor were left in Vote 74.

We have not speculated about the motive for reallocating the costs. Some may side with the Government, believing that isolating the costs directly attributable to the new highway provides a better accounting. Others may think that the

reclassification of project costs was an attempt by the Government to conceal the true costs of the highway. However, in our opinion, given the vagueness of the vote descriptions and without any other direction, the Government was within its authority to account for the highway costs as it did, and the costs charged to the votes were permitted within the vote descriptions. Because the Government, rather than the Legislature, made the original allocation, it was the Government's prerogative to change it, as long as the resulting allocation did not conflict with the meaning of the vote description.

As mentioned previously, the Legislature did provide some indication that it approved of the Government's accounting treatment of highway construction costs. During the debate in the Legislature on the Government's request for further funding for highway construction, a list of highway projects was tabled in the House. This list was available to all Members of the Legislature and is included as Appendix D to this report.

We are not certain what the list was intended to represent as it was not necessarily either a list of the projects that had previously gone over budget, and thereby necessitated the request for further funding, or a list of those projects on which further funding would be spent. The questions that surround this list have been well documented in the Commissioner's hearings and his report. However, the completeness of that list was not of primary significance to us. What we believe is of significance, is that the list supported a request for additional funds for Vote 69, other highway construction, and described projects that were transferred from Vote 74, the Coquihalla highway and related projects, to Vote 69. For example, the list describes several projects on Highway 5 that were transferred from Vote 74 and are now the subject of controversy.

We believe that anyone reviewing the list, who believed these projects should have been part of the Coquihalla costs, would have noticed these projects and realized that, since the special warrant was for Vote 69, these projects were being charged to that vote. However, this issue was never raised in the House during the debate on the Interim Supply Bill that included the special warrant. The Bill was passed

and, although no division or record of the vote was kept, there is some evidence to suggest it may have been supported by both the Government and opposition parties. We therefore took from this that it was the intention of the Legislature that the costs of those projects not along the Coquihalla corridor be accounted for as other highway construction in Vote 69. In fairness, it should be mentioned that the special warrant was not the only item included in the Interim Supply Bill; it also included interim supply to keep the Government operating for a period of time into the 1987 fiscal year. However, notwithstanding the fact that this evidence was not conclusive, having the Legislature pass this Bill after reviewing the costs that were being allocated to Vote 69 did lend credence to the Government's accounting treatment of Coquihalla highway costs.

Having a clearer perception of what we understood to be the intention of the Legislature with respect to the allocation of highway construction costs, we undertook our audit work. We made a detailed review of the highway construction projects transferred from Vote 74, ensuring that they were all off-site projects. We also ensured that costs relating to all work along the Coquihalla highway corridor were charged to Vote 74. We found that the Ministry had consistently followed this allocation of costs. As Exhibit 2 shows, all off-site work is marked in red indicating that it was charged to Vote 69, while all work along the Coquihalla highway corridor is marked in green indicating that it has been charged to Vote 74.

Some question remained as to the treatment of the costs of work done at the ends of the Coquihalla where the new highway joined already existing roads. The costs of this work were put into the vote which best described the majority of the work. The costs of the work at the southern end were charged to Vote 69. The costs of the northern interchange were placed in Vote 74. We reviewed each of these contracts and satisfied ourselves that the majority of the work done on these contracts was indeed done on the section of highway covered by the vote to which it was charged. A more precise allocation of costs might have been achieved by splitting the work into the component on the new highway and that on the existing road. However, we do not believe that the failure to account more precisely has resulted in a significant distortion of the costs.

Based on this work, and based on the knowledge that the Government was within its authority to account for highway construction costs as it did, and in the belief this accounting treatment was in keeping with the intentions of the Legislature, we expressed our opinion on the financial statements of the Government without reservation. After considering the matters raised during the Commission of Inquiry and the submission to the House by the Honourable Member for Esquimalt-Port Renfrew, we believe that such opinion remains valid.

Appendices

- A. Correspondences between the Acting Auditor General and the Honourable First Member for Vancouver East
- B. Estimates 1985/86 - Vote 69
- C. Estimates 1985/86 - Vote 74
- D. Summary of 1985/86 Special Warrant Project Authorizations - Highway Capital Construction - listing tabled in the Legislature, 26 March 1986

APPENDIX A

22 January 1988

Mr. Robert Williams, M.L.A.
Legislative Buildings
Victoria, B.C.
V8V 1X4

Dear Mr. Williams:

In your letter of November 3rd, you inquired about studies we have conducted into the construction activities of the Ministry of Transportation and Highways. Your December 2nd letter poses some supplementary questions and requests further clarification. In my earlier response to you, I stated that my Office has conducted studies that address two of the three issues that seemed to be the main focus of the Commission of Inquiry hearings into the Coquihalla highway.

During its hearings, the Commission concentrated on whether legislators were fairly and fully informed about the costs of the Coquihalla highway, whether proper financial and management control was exercised over the project, and whether the Estimates for the highway were properly formulated and provided an adequate base for suitable monitoring and control. Since I corresponded with you, the Commissioner of Inquiry has submitted his report which confirms that the three issues I described to you are indeed those considered significant by the Commissioner. Although his recommendations are in seven parts, several could be grouped under the broader heading of financial and management controls in the Ministry.

Audit Work Performed

My earlier letter acquainted you with our 1985 audit of ministry annual reports. We undertook this audit so that we could inform legislators whether they were receiving the information they required about what ministries were doing with the money and powers provided to them by the Legislature. In addition, I mentioned that in 1981 we conducted a financial management and control review in the Ministry of Transportation and Highways so that we could inform legislators about the adequacy of the Government's financial management.

The results of these audits were reported in summary form in the Annual Reports of the Auditor General, and in more detail in separate reports to the ministry. Both the Auditor General's Annual Reports and the ministry reports contained

warnings that significant deficiencies existed in the administration of government. However, because many of the shortcomings identified during our audits were not corrected, they continued to exist and contributed significantly to the problems of the Coquihalla highway that led to the Commission of Inquiry. Perhaps a fuller explanation of the work carried out and the results reported would assist you.

Audit of Ministry Annual Reports

Ministry annual reports should form an important link in the accountability process. The Legislative Assembly establishes public policy through legislation which determines the way in which money will be raised and the purposes for which it will be spent. After the Legislature has established its policy, it delegates the responsibility, funds and powers to carry out the policy to the government. The Legislature has no role in administration. However, it is responsible to see that government administration is properly discharged.

To meet this responsibility, Members of the Legislative Assembly require information about government administration. In turn, the Government, which has received delegated authority, has an obligation to provide the Legislature with sufficient, reliable information in understandable form to allow legislators to judge the performance of ministries. Ministry annual reports, together with the Public Accounts, are intended to provide this information. Annual reports should describe the ministries' purposes, inform the Legislature of the ministries' activities and the money spent on them, and include information on the effects of their activities. They should also provide information on whether the resources delegated to the Government were well managed and whether value has been received for money spent.

We undertook our audit of ministry annual reports to determine whether legislators could judge a ministry's performance from the information contained in these reports. We concluded they could not. The 1985 Report of the Auditor General warned that ministry annual reports did not provide a full and fair explanation of what ministries had done with the money and powers granted them by the Legislature. Therefore legislators did not have the information necessary to make informed judgements and to fulfil their obligations.

In addition to the summarized comments and conclusions offered in our Annual Report, we also issued a detailed report to each ministry, including the Ministry of Transportation and Highways. The detailed report to the ministry included an in-depth analysis and evaluation of its annual report. It concluded that the accountability information being provided by the ministry was deficient and needed to be improved in several areas. The Commissioner's report confirms our findings and recommendations, calling for capital projects to be reported completely and on a project basis in the Ministry's annual reports.

I believe that, if our warnings had been heeded, proper disclosure of the costs of the Coquihalla highway would have resulted. Legislators would also have had factual information against which to evaluate statements made by the Government about the costs of the highway.

Financial Management and Control Study

We conducted our financial management and control study in the Ministry of Transportation and Highways in 1981 as part of a cross government review. Similar audits were undertaken in seven other ministries during 1980 and 1981.

In each of our Annual Reports between 1978 and 1981 we emphasized the need to strengthen and improve the financial control systems throughout government. Our audit work in the initial years revealed control weaknesses in the systems used to process and to account for financial transactions. However, as we pointed out when we introduced our financial management and control audits, even if internal accounting and processing controls are provided for in systems and are reliably adhered to, satisfactory financial control does not necessarily result. This is because proper financial management extends beyond day-to-day controls. Planning, budgeting and reporting systems are needed to achieve adequate control. Accordingly we initiated broadly based audits designed to allow us to inform legislators and the public about the adequacy of the Government's financial management and control.

Our audits revealed a recurring pattern of deficiencies in financial management and control. These were summarized in the 1981 Annual Report of the Auditor General where we warned, among other things, that financial staff were not involved in a meaningful way in the major financial decisions of ministries, and that the ministries' planning processes did not permit them to reliably forecast their costs or funding requirements.

Our detailed report to the Ministry of Transportation and Highways warned that the total costs of projects were not identified during planning, and that any estimates that were made were not based on a detailed design and survey. As well, we found there was no rational planning process. For example, real needs were not identified and ranked by priority, individual projects were identified but not well defined or costed, and the downstream cost implications of new highway construction were not considered. The Commissioner confirmed our findings. He recommended that the Ministry develop a systematic capital plan with greater detail and more accuracy than currently exist. He also called for capital plans to be defined as to the overall functional scope necessary to accomplish their intended purpose, and for the approval process for major capital projects to require a statement of functional scope, a total project estimate of the most probable final cost, a project schedule with annual budget requirements, and evidence of proper planning.

If the warnings we issued in 1981 had been heeded, I believe the Ministry would have had much better planning, budgeting, financial control and reporting for the Coquihalla highway. Legislators then would have recognized beforehand what they were committing themselves to, and there would have been a proper base to monitor the project. Therefore, many of the problems that led to the Commission of Inquiry could have been avoided if the deficiencies identified by our audits had been rectified.

I would be pleased to send you copies of our Annual Reports that include the relevant sections. Copies of our detailed reports on these projects may be obtained from the Ministry of Transportation and Highways.

Future Audit Work

The Estimates process was the third area focussed on by the Commission of Inquiry. Although we identified the Estimates some time ago as an area that warranted our attention, we have not yet conducted an audit of this issue. This is primarily due to resource limitations.

In my earlier letter, I mentioned that my Office has established a long-range audit plan that includes studies of all of the ministries and significant activities of government over a period of years. While we have revisited our audit plan and now intend to embark on a review of the Estimates process this year, the longer-term problem of undertaking studies of deserving subjects on a timely basis persists.

The Auditor General Act, which describes the duties of the Auditor General, sets out several responsibilities that are mandatory and some that are permissive. The Act calls for the Auditor General to report annually on the financial statements of the Government. In addition, he is the appointed auditor of approximately 30 public bodies and accordingly is required to audit their financial statements. These responsibilities are time-consuming and use up most of the resources of the Office. Consequently, there remains only a limited amount of resource which may be devoted to other studies which are permissive under the Act.

With our current capacity to undertake this work, we estimate it will take us 12 to 13 years to complete the cycle of deserving projects identified in our long-range audit plan. This interval between audits is far too long. Our target is to complete the cycle in six to seven years. However, considerably more resources will have to be devoted to these projects to attain this objective.

Through a concerted effort over the last few years, we have achieved some audit efficiencies. These gains permit us to undertake more value-for-money audit work now than in the past with the same number of staff. However, I believe we have almost exhausted the potential for improving efficiency at this time, and that additional resources will be required if the cycle is to be shortened further. The reduction of five positions from our staff complement last year has offset some of our productivity gains and extended the time required to complete our audit cycle.

The budget allocated to the Office provides funding solely to meet the legislated audit requirements. No provision is made for the funding of special investigative projects which the Office may wish, or be requested, to undertake. As a consequence, fiscal constraints limit the Office's involvement in such projects.

In a statement to the Public Accounts Committee last year I indicated that I thought my Office could better serve the interests of the Legislature if the audit coverage of public bodies was rationalized. I believe such changes could well lead to staff being freed up to carry out work which is of more interest to legislators. At the time I brought the matter to the Committee, it chose not to participate in our review of the audit regime that applies to public bodies. However, I believe my successor will raise this issue again. Having the efforts of our Office concentrated on those issues of greatest interest to the legislators we serve would allow us to provide information on a more timely basis.

As a result of the Commissioner's findings, we are reviewing the timing of a value-for-money audit in the Ministry of Transportation and Highways. As the Commissioner appears to have reviewed past events thoroughly and reported on them publicly, I do not believe it would be worthwhile to pursue these events further. What's done is done. However, I think the Office should and can play a role in preventing the problems of the past from recurring. We have held discussions with senior ministry officials concerning their plans for remedying the problems that have been identified. We are satisfied that management appreciates the need for change and that the general thrust of the changes they are proposing is appropriate. However, these changes have not yet been fully formulated or implemented and therefore an audit at this time would be of little practical benefit. We will continue to monitor the Ministry's progress and undertake our audit at the earliest appropriate time. This could well be before the audit is currently scheduled, in 1990.

Opinion on the Financial Statements

In my earlier reply to you, I stated that my audit report on the 31 March 1986 financial statements of the Government is without reservation. The financial statements report on the overall financial situation of the Government and provide information about whether the expenditures have been made for the purposes approved by the Legislature, and whether the amounts spent for a particular purpose are within the limits established by it. Because the finest distinction made by Legislature of the purposes for which money may be spent is a Vote, it is this level of detail we audit to when conducting our audit of the financial statements. During our audit we ensure that expenditures are charged to the proper Vote, and that the total expenditures in any Vote do not exceed the funds appropriated for that purpose by the Legislature.

In his report the Commissioner contends that highway construction costs that were part of the costs of the Coquihalla highway were transferred from Vote 74 where they should have been recorded. He concludes that this transfer was made without proper authority and that the costs are therefore recorded in an inappropriate Vote. If I agreed with the Commissioner's analysis, and was unable to convince the Government to change their financial statements before they were issued, my audit report would have contained a reservation of opinion. However, my view of the situation differs from that of the Commissioner and accordingly my opinion on the statements is expressed without reservation. We will be commenting on this matter in our next Annual Report.

Mr. Robert Williams, M.L.A.
22 January 1988
Page 7

APPENDIX A (Cont'd)

I trust that I have adequately answered your questions. As our next Annual Report will refer to the Commissioner's report, further questions, should they occur to you, could be raised at the meetings of the Public Accounts Committee during the upcoming session of the Legislature.

Since the matters dealt with in our exchange of correspondence may be of interest to a broader audience, I am sending copies to the Premier, the Chairman of the Public Accounts Committee and the Minister of Transportation & Highways.

Yours very truly

Original Signed By

R.J. Hayward
Acting Auditor General

- c.c. The Honourable William N. Vander Zalm
Premier of the Province of British Columbia
- c.c. Ms. Darlene Marzari, M.L.A.
Chairman, Select Standing Committee on Public Accounts
- c.c. The Honourable C. Stephen Rogers
Minister of Transportation & Highways

ROBERT WILLIAMS, M.L.A.
VANCOUVER EAST
LEGISLATIVE BUILDINGS
VICTORIA B.C. V8V 1X4
387-5513



APPENDIX A (Cont'd)

CONSTITUENCY OFFICE
2649 EAST HASTINGS STREET
VANCOUVER, B.C. V5K 1Z5
253-5522

2 December 1987

Mr R. J. Hayward
Acting Auditor General
8 Bastion Square
Victoria, BC
VBV 1X4

Dear Mr Hayward,

Thank you for your letter of November 9, 1987 in response to my earlier inquiry regarding your audit of the Ministry of Highways.

In the third paragraph of your letter you advise that your "reports on this work contained warnings that, if heeded, could have prevented many of the problems of the Coquihalla Highway and perhaps eliminated the need for a Commission of Inquiry".

Could you give me, in detail, what your warnings were and explain how they could indeed have achieved what you say?

Again in your third paragraph, you state that your office conducted studies of two of the three main issues that were the focus of the Inquiry. Could you advise why the third matter was not considered?

On page two of your letter you point out some of your 1981 findings in terms of inadequate planning and budgeting processes. Could you provide me with the details of those findings?

Further, what problems now being revealed could have been avoided had your advice been taken?

You point out that your office has not yet done an audit that focuses specifically on highway construction activities. That strikes me as extraordinary, in the normal course of events. In view of the public record I would expect an altering of your priorities post haste. Could you advise me if this will be the case?

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Mr R. J. Hayward
2 December 1987
page two

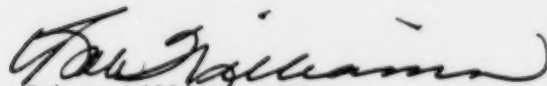
APPENDIX A (Cont'd)

It does seem strange that you have not followed through mega-projects such as the Coquihalla on a consistent basis because they simply are major projects and deserve that attention. In view of the Commissioner's findings, are you altering your approach?

You state that "Our audit is designed to provide assurance that the financial statements are presented fairly." Well, so be it . . . but clearly it does not deal with the question of major projects such as the Coquihalla and their over-runs, or the diverting of funds from other projects. Perhaps you could explain why.

Maybe you could also explain, in light of all this, why you say "My audit report on the 31 March 1986 financial statements of the Government is without reservation."

Yours truly,



Robert Williams, MLA
Vancouver East

RW:sw

9 November 1987

Mr. Robert Williams, M.L.A.
Legislative Buildings
Victoria, B.C.
V8V 1X4

Dear Mr. Williams:

I recently received your letter of November 3rd inquiring into studies of the construction activities of the Ministry of Transportation and Highways that may have been carried out by my staff.

Much of the discussion at the Commission of Inquiry hearings into the Coquihalla highway has centered on three questions.

- . Were legislators and the public fully and fairly informed about the costs of the highway?
- . Was proper financial management and control exercised over the Coquihalla project?
- . Were the Estimates for the highway properly formulated and did they provide an adequate basis for proper monitoring and control?

My Office has conducted studies which address two of these three issues. Our reports on this work contained warnings that, if heeded, could have prevented many of the problems of the Coquihalla highway and perhaps eliminated the need for a Commission of Inquiry.

In 1985 we reported the results of our audit of ministry annual reports which concluded that legislators and the public were not getting the information they needed to judge the performance of ministries. In large measure it was the disclosure of the costs of the Coquihalla highway which led to the Commission of Inquiry. These costs would have been clearly evident to everyone if the recommendations of our report had been adopted.

Mr. Robert Williams, M.L.A.

9 November 1987

page 2

In 1981 we conducted a financial management and control review in the Ministry of Transportation and Highways. Although our work was carried out several years before the time period in which the Commission has been interested, we found a situation very similar to the one described at the Commission's hearings. For example, we found that the Ministry's planning and budgeting process was weak and incomplete, that the long-range plans submitted to Treasury Board were not costed, and that the financial people in the Ministry were not involved in a meaningful way in the ministry's major financial decisions. Many of the problems that are now being revealed by the Commission could have been avoided if the deficiencies identified during our audit had been rectified .

My Office has not yet done an audit of the Estimates process although we plan to undertake one soon. We have established a long-range audit plan that includes studies of all the ministries and significant activities of government over a period of years. Our plan calls for an audit of the Estimates process within the next year or two.

Neither has my Office yet done an audit that focuses specifically on highway construction activities . Our audit plan calls for a broad scope or comprehensive audit that examines value-for-money and accountability issues in the Ministry of Transportation and Highways in 1990. However, we revisit our list of planned audits periodically and may change our priorities as a result of the Commission's findings.

We undertake our broad scope or comprehensive audits on a cyclical basis. I believe cyclical coverage is appropriate recognizing the cost of the audits and that it usually takes a ministry some time to implement the recommendations that emerge from this kind of review. However, I think the period of time it now takes us to complete the cycle is too long considering the substantial benefits offered by this type of auditing. I believe we should be conducting audits that examine value-for-money and accountability issues on a six to seven year cycle. To date we have only been provided with the resources to carry out such audits on a 12 to 13 year cycle.

APPENDIX A (Cont'd)

Mr. Robert Williams, M.L.A.
9 November 1987
page 3

In addition to the audit work described above, each year my staff visit every ministry of government to carry out procedures specifically designed to allow me to form an opinion on the government's financial statements. This work is not intended or designed to be an in depth review of ministry management or operations.

All expenditures made by the government are included in the accounts and financial statements which we audit annually, including those made on the projects often referred to as mega-projects such as the Coquihalla highway. However, the statements are not very refined and do not report at a project level. They are intended primarily to report the overall financial situation of the Government and to provide information about whether expenditures have been made for the purposes intended by the Legislature and whether the amounts spent for a particular purpose are within the limits established by it. Our audit is designed to provide assurance that the financial statements are presented fairly. My audit report on the 31 March 1986 financial statements of the Government is without reservation.

Because the Commission of Inquiry is now looking into the propriety of certain aspects of the accounting for the Coquihalla highway project, I believe it would be inappropriate for me to comment at this time on any matters that are properly within the Commission's jurisdiction. Of course once the Commission's report is made public, I would be prepared to discuss these matters further.

I trust that I have adequately answered your questions about our audit coverage. If I may be of further assistance please let me know.

Yours very truly

Original Signed By

R.J. Hayward
Acting Auditor General

ROBERT WILLIAMS, M.L.A.
VANCOUVER EAST
LEGISLATIVE BUILDINGS
VICTORIA B.C. V8V 1X4
387-5513



APPENDIX A (Cont'd)
CONSTITUENCY OFFICE
2649 EAST HASTINGS STREET
VANCOUVER, B.C. V5K 1Z5
253-5522

November 3, 1987

Mr. R.J. Hayward, C.A.
Acting Auditor General
8 Bastion Square
Victoria, BC
V8V 1X4

Dear Sir:

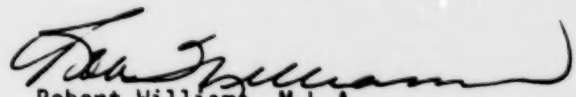
Re: Ministry of Highways Audit

In view of the recent revelations on Highways Ministry practices on the Coquihalla Highway construction, I would like to be advised of your own studies in this regard. Clearly, there were flagrant violations, false reporting and false billing as has been shown before Commissioner MacKay.

Who has carried on studies of the Highways Ministry construction activities within your staff and what do their reports state?

I would appreciate a full response.

Yours truly,


Robert Williams, M.L.A.
(Vancouver East)

cc: Darlene Marzari, M.L.A.
Chairman, Public Accounts Committee



APPENDIX B

206

ESTIMATES, 85/86

Vote 69

HIGHWAY OPERATIONS DEPARTMENT

Classification by Sub-Vote

Estimates 1984/85		Estimates 1985/86	
\$	\$	\$	\$
264,493,335			
	215,762,127		
	11,448,076		
	37,283,132		
	—		
38,072,384			
	—		
	7,935,125		
	1,448,015		
	28,689,244		
158,640,816			
	55,376,265		
	60,740,525		
	26,944,216		
	13,056,965		
	2,522,845		
10			
	3,773,755		
	1,205,417		
	(4,979,162)		
<u>461,206,545</u>			
	Highway Maintenance (net of recoveries)		286,167,587
	—Road Maintenance	232,058,631	
	—Bridge Maintenance	14,245,869	
	—Ferry Maintenance and Operations	39,356,748	
	—Machinery Maintenance	506,339	
	Highway Capital Maintenance		86,564,095
	—Road Capital Maintenance	36,932,966	
	—Bridge and Ferry Landings Capital Maintenance	6,234,936	
	—Ferry Capital Maintenance	2,008,950	
	—Paving Capital Maintenance	41,387,243	
	Highway Capital Construction		106,071,973
	—Roads	34,483,779	
	—Bridges and Ferry Landings	27,327,718	
	—Planning and Engineering Services	29,183,202	
	—Property Acquisition	12,053,781	
	—Municipal Contributions	3,023,493	
	Hydro Development Highway Construction (net of recoveries)		10
	—Roads	1,024,575	
	—Bridges	—	
	—Recoveries from B.C. Hydro and Power Authority	(1,024,565)	
	Total Vote		<u>478,803,665</u>

VOTE DESCRIPTION

This vote provides for the year-round maintenance and operation of the existing highway and ferry system and for the development and expansion of the system to meet transportation needs of industry and the general public and includes:

- (a) *Highway Maintenance*—This sub-vote provides for the maintenance and operation of highways and roads, bridge structures, ferry routes, ferry landings and tunnels, the operation and replacement of equipment and winter maintenance involving snow and ice removal. Contributions are provided to various organizations in support of ski hill access, highway research and other transportation related activities. This sub-vote also provides for recoveries from within the ministry for the use of equipment or the provision of services.
- (b) *Highway Capital Maintenance*—This sub-vote provides for the improvement of the existing highway and ferry system to a prescribed level of maintenance and operation.
- (c) *Highway Capital Construction*—This sub-vote provides for the development and expansion of the highway and ferry system in accordance with the economic development objectives of the government. This includes planning, engineering, design, survey, construction, reconstruction, paving, and right-of-way acquisition and property purchase, all relating to provincial highways, roads, bridges, ferries, ferry landings and tunnels. It provides for the purchase of equipment and machinery and payment of authorized contributions to other levels of government in connection with their highway systems. It also provides for participation in programs supporting the promotion and economic development of the Province of British Columbia.
- (d) *Hydro Development Highway Construction*—This sub-vote provides for all relocation and/or reconstruction costs of provincial highways resulting from construction of dams. All relocations and reconstruction costs are recovered from the British Columbia Hydro and Power Authority.

Vote 73

AIR SERVICES BRANCH

Estimates 1984/85

\$
<u>5,228,694</u>

Total Vote (net of recoveries)

Estimates 1985/86

\$
<u>8,446,603</u>

VOTE DESCRIPTION

This vote provides for the air services requirements of the provincial government including the acquisition and maintenance of aircraft, air and ground crews and other related operating and administrative costs. Recoveries are received from other ministries and government agencies for staff travelling on government aircraft.

Vote 74

ECONOMIC RENEWAL
SPECIAL HIGHWAY CAPITAL CONSTRUCTION PROJECTS

Classification by Sub-Vote

Estimates 1984/85			Estimates 1985/86	
\$	\$		\$	\$
—	—	Coquihalla Highway Construction		281,072,953
—	—	— Roads	201,122,725	
—	—	— Bridges	50,128,300	
—	—	— Paving	17,502,479	
—	—	— Planning and Engineering	7,319,449	
—	—	— Property Acquisition	5,000,000	
—	—	Fraser River Crossing (Annacis) Construction		174,982,047
—	—	— Roads	88,375,934	
—	—	— Bridges	72,103,686	
—	—	— Paving	2,748,090	
—	—	— Planning and Engineering	3,754,337	
—	—	— Property Acquisition	8,000,000	
—	—	Total Vote		<u>456,055,000</u>

VOTE DESCRIPTION

This vote provides for the additional development and expansion of the provincial highway system in accordance with the Economic Renewal Program objectives of the government and includes:

- (a) *Coquihalla Highway Construction*—This sub-vote provides for the construction of the Coquihalla Highway and related projects. This includes planning, engineering, design, survey, construction, reconstruction, paving and right-of-way acquisition and property, equipment and machinery purchases.
- (b) *Fraser River Crossing (Annacis) Construction*—This sub-vote provides for the construction of the Fraser River Crossing at Annacis and related projects. This includes planning, engineering, design, survey, construction, reconstruction, paving and right-of-way acquisition and property, equipment and machinery purchases.

APPENDIX D

Compiled: March 20, 1986

SUMMARY OF 1985/86 SPECIAL WARRANT PROJECT AUTHORIZATIONS
HIGHWAY CAPITAL CONSTRUCTION

PROJECT NO. & DESCRIPTION

Clerk Legislative Assembly
RECEIVED AUTHORIZATION
 \$

MAR 26 1986

VICTORIA, B.C.

B-0551 - Enderby Bridge over Shuswap River, Habel Lake Road	6,000
B-0688 - Okanagan Lake Bridge, Okanagan Hwy.97,	100,000
B-0692 - Okanagan Lake Bridge, Kelowna	50,000
B-1821 - Agassiz-Rosedale Bridge, Hwy.9 expansion bearing replacement	52,000
B-2189 - Rosedale-Agassiz Bridge, replace worn bearings	200,000
B-2302 - Clayhurst Bridge, Clayhurst-Rolla Road	2,000,000
B-2387 - Coquitlam River Br., Mary Hill Bypass	1,700,000
B-2395 - Penticton Parkway Underpass, Hwy.97	7,000
B-2408 - Mary Hill Bypass Overhead, Cape Horn to Pitt River Highway	900,000
B-2409- Garibaldi Hwy.99, Alberta Creek Bridge	200,000
B-2787 - Silverhope Underpass & Floods Underpass	1,840,000
B-2788 - Six Mile Bridge, North Thompson Highway	20,000
B-2790 - Tomberry Road Bridge	240,000
B-2828 - Hope Overpass & Thacker Creek	2,600,000
B-2832 - Alexander Creek Bridge	6,200,000
B-2880 - Silverhope Creek Bridge	2,300,000
B-2898 - Curnow Bridge	900,000
B-2899 - Rattlesnake Bridge	1,500,000
B-2959 - Popkum Road Underpass	55,000
B-2963 - Lion's Gate Bridge, Highway 99	15,000
B-3040 - Highway 99, Westminster Hwy. Underpass	370,000

APPENDIX D (Cont'd)

<u>PROJECT NO. & DESCRIPTION</u>	<u>AUTHORIZATION</u> \$
B-3094 - Berkey Creek Bridge	300,000
B-3112 - Vedder Canal Bridge	700,000
B-3255 - Yellowhead Fraser River Crossing, Highway 16, Prince George	4,000,000
B-3339 - Lions Gate Bridge tower repair	226,000
B-3380 - Thomas Creek Bridge, Stewart-Cassiar Hwy. 37	275,000
B-3381 - Beaverpond Creek Bridge, Stewart-Cassiar Highway 37	481,000
B-3382 - Spruce Creek Bridge, Stewart-Cassiar Hwy. 37	255,000
B-3391 - George Massey Tunnel, Hwy. 99 under Fraser River	500,000
B-3554 - Second Narrows Bridge, Taylor Way to Cassiar Street	35,000
B-3555 - Atwood Bridge, Atwood Road	600,000
B-3556 - Old Clayburn Road Underpass	570,000
B-3564 - Nicholson Bridge, Kettle Valley Road	15,000
B-3590 - Lion's Gate Bridge, Highway 99	120,000
B-3606 - Pacific Way Underpass, T.C.H.	50,000
B-3607 - T.C.H. 1, Lonsdale Underpass	65,000
B-3611 - Okanagan Lake Bridge, Hwy. 97	4,000
B-3644 - Sachts & Hammond Bridges, Sayward Road	50,000
B-3684 - Ralph River Bridge, Western Mines Access	200,000
C-1690 - Haney to Albion Junction, Lougheed Hwy.	10,000
C-1723 - Cassiar Hwy. 37, Cranberry Crossing 1 to Derrick Creek	500,000
C-1725 - Fern Street to Mt. Seymour Parkway	9,000
C-1799 - Hwy. 11, Mission Overhead Approaches	35,000
C-2431 - Okanagan Hwy. 97, Gorman's Mill to I.R. 9 including Westbank Couplet	150,000

APPENDIX D (Cont'd)

<u>PROJECT NO. & DESCRIPTION</u>	<u>AUTHORIZATION</u> \$
C-2662 - Floods to Hope	9,400,000
C-2819 - Okanagan Hwy.97, Bailey Rd. to Vernon, new construction and upgrading of existing Hwy.to 4 lanes	500,000
C-2823 - Hwy.5 Junction & Douglas Lake Road	25,000
C-2824 - Hwy.5 at Nicola Lake Rock Bluffs	225,000
C-2872 - Whatcom interchange	2,253,000
C-2873 - Popkum Interchange	2,253,000
C-2874 - Highways 1 & 5A, Aberdeen Interchange	5,000,000
C-2905 - Highway 5, construct 2.5 km	453,000
C-2906 - Wahleach-Cheam View	10,300,000
C-2907 - Cheam View to Jones Creek	9,500,000
C-2911 - Highland Valley Road,Ashcroft,Barnard Creek & Suicide Corner	1,080,000
C-3016 - Hunter Creek Interchange	1,000,000
C-3027 - Garibaldi Hwy.99,Newman Creek Channelization bridge	3,000,000
C-3036 - Garibaldi Hwy.99, Lions Bay Interchange and Harvey Creek Channelization and Bridges	5,260,000
C-3123 - Hwy.15, Pacific Hwy.from U.S. Border to 32nd Avenue	1,292,000
C-3344 - Meadow Creek Road	125,000
C-1471 - Bottom Wood Lake Road, Winnfield	200,000
C-1633 - Corbin Road, Sparwood	125,000
C-1866 - Hwy.3A, Nelson-Balfour, Nelson	310,000
C-2011 - Nazko Road, Quesnel	200,000
C-2135 - John Hart Hwy.97, Bear Lake-Red Rocky Section, Prince George	450,000
C-3039 - Tachie Road, Ft.St.James	800,000

APPENDIX D (Cont'd)

<u>PROJECT NO. & DESCRIPTION</u>	<u>AUTHORIZATION</u> \$
C-3122 - Boston Bar Bridge Approaches, Boston Bar	270,000
C-3123 - Hwy.15, Pacific Hwy. from U.S. border to 32nd Avenue, Surrey	650,000
C-3132 - Hwy.97, 83 Mile House to 94 Mile House, 100 Mile House	2,900,000
C-3166 - Hwy.16 east, Slim Creek to Crescent Spu, Prince George	200,000
C-3392 - T.C.H.1 to United Way Connector, Coquitlam	1,600,000
C-3440 - Holberg Road, Smiths Road, Clarkson Road, Central Road, Port Hardy	375,000
C-3451 - Dunn Lake Road, Kamloops	200,000
C-3464 - Hwy.3 at Vermillion, Princeton	400,000
C-3484 - Hwy.16 & Old Lakelse Lake Road Intersection, Frontage Road, Terrace	200,000
C-3485 - Cassiar Access Road, Quartz Rock Creek to Cassiar	300,000
C-3486 - Woodmere Loop, Fisher Road, Tyee Lake Road, Telkwa High Road, Smithers	300,000
C-3488 - Colleymount Road, Burns Lake	280,000
C-3495 - Easthom Road, Berry Point Road, Akenhead Road, Renfrew Road, Youbou Road, Duncan	200,000
C-3497 - Faye Road, Crafton Road, Rupert Road, Nuthatch Road, Bamfield Road, Port Alberni	200,000
C-3500 - Miscellaneous routes, Fort St. John area	1,300,000
C-3509 - Chilcotin-Bella Coola Hwy.20, Anahim Lake West	650,000
C-3511 - Blackwater Road, golf course to garbage dump slide, Quesnel	200,000
C-3513 - Yellowhead Hwy.16, Engen to Fraser Lake	100,000
C-3514 - Omineca Road, north of Misilinka, Ft. St. James	250,000
C-3532 - John Hart Hwy.97, Bear Lake to Red Rocky Section, Prince George	950,000

APPENDIX D (Cont'd)

<u>PROJECT NO. & DESCRIPTION</u>	<u>AUTHORIZATION</u> \$
C-3536 - George Massey Tunnel approach ramps, Vancouver	225,000
C-3571 - North Beatton River, slide repairs, Ft.St.John	825,000
C-3579 - George Massey Tunnel, crack sealing, Vancouver	233,800
C-3353 - Highway 37, Cousins Creek	450,000
C-3413 - Upper Nicola Indian Reserve	35,000
C-3414 - Construct bus pullouts	50,000
C-3432 - Okanagan Hwy.97, Westbank-North Boundary, I. R. 9	2,250,000
C-3433 - East Boundary Road & Lower Boucherie Road, Westbank-Kelowna	600,000
C-3450 - Douglas Lake Road	175,000
C-3534 - Construct cattle underpasses on Highway 5 north and Monck Park Road	100,000
C-3619 - Okanagan Hwy.97, Oyama to Bailey Road	500,000
C-3697 - T.C.H.1, Whatcom Interchange	500,000
C-4477 - S.T.P.H.3, Nicolum Creek to west boundary Manning Park	1,066,000
D-0006 - Arterial Hwy.Beautification,Community Participation Program	43,000
S-2814 - Highway 5, Merritt District Boundary- Junction Highway 1 in Kamloops	2,225,000
S-2815 - Highway 5, Upper Nicola-Peter Hope Lake Road	200,000
S-2920 - Meadow Creek Road, Logan Lake to Lac La Jeune	1,350,000
S-2921 - Highland Valley Road, Bethlehem Mine Access Road to Logan Lake	1,300,000
S-2922 - Highland Valley Road,Ashcroft to 26.3 km eastward	1,750,000
S-2977 - Hwy.3A, Trail-Glenmerry Hwy.22, Trail-Paterson, including Rossland curb and gutter	1,355,000
S-3258 - Scott Road, 64th, 72nd & 84th Avenue Intersections	300,000
S-3418 - 100 Mile House, miscellaneous roads	380,000

APPENDIX D (Cont'd)

<u>PROJECT NO. & DESCRIPTION</u>	<u>AUTHORIZATION</u> \$
S-3717 - Highway 17 (Fat Bay Hwy.) McKenzie Ave. to Sayward Road	500,000
S-3721 - Saltspring Island & Galiano Islands	300,000
Miscellaneous Traffic Engineering Projects	<u>1,000,000</u>
TOTAL HIGHWAY CAPITAL CONSTRUCTION	<u>98,500,000</u>
 C-3610 - Highway 16, Bowron River to Driscoll Creek, Prince George	 500,000
C-3612 - Highway 16, Vanderhoof to Engen	300,000
C-3613 - Apex Mountain Road, Penticton	345,000
C-3615 - Yellowhead Hwy. 16, Prince George, Fraser River Bridge approaches, Prince George	1,450,000
C-3618 - Highway 2, Dawson Creek to Alberta Border, Dawson Creek	125,000
C-3637 - King George Hwy. 99A, east & west of 128th St., Surrey	1,500,000
C-3674 - Garibaldi Hwy. 99, Alberta Creek, Lions Bay	300,000
C-3675 - Garibaldi Hwy. 99, Loggers Creek, Lions Bay	250,000
C-3676 - Barnett Highway, Vancouver	236,000
C-4170 - Duffey Lake Road, Lillooet	150,000
C-4181 - Miscellaneous School Bus & Feeder Routes, Prince George	<u>250,000</u>
TOTAL HIGHWAY CAPITAL MAINTENANCE	<u>20,300,000</u>